

## **Town of Stratham Investment Policy**

### **A. Summary**

The Town of Stratham Investment Policy provides guidelines to support the appropriate management of investments with the aim to achieve the best possible results for the Stratham taxpayer, considering such matters as safety, liquidity and return on investment. The Town Treasurer is responsible for setting investment strategy and oversees the daily execution of policy in accordance with New Hampshire Statute RSA 41:29.

### **B. Scope**

The investment policy applies to all public funds held in the custody of the Town Treasurer. This does not include funds held by the School District, Library Trustees or Trustees of the Trust Funds. The funds held by the Treasurer are accounted for in the Town's annual audited financial reports. This policy does not apply to funds held in escrow for performance bonds, which are held in an interest-bearing deposit account at an approved banking institution.

### **C. Objectives**

1. **Secure preservation of principal** by minimizing custodial credit risk and interest rate risk. The Town will minimize risk by limiting investments to the safest types of securities such as deposit accounts, certificates of deposits and short term securities listed under the Authorized Investments section of this policy. Investments will be secured by appropriate insurance and collateralization.
2. **Maintain sufficient liquidity** to meet operating cash flow requirements that are reasonably anticipated. No investment will exceed one year in length.
3. **Attain market-average rate of return on investments taking** into account #1 and #2 above.
4. **Satisfy all legal requirements.**

### **D. Delegation of Authority**

New Hampshire Statute RSA 41:29 is the legal authority under which the Town Treasurer operates. The responsibility for conducting investment transactions resides with the Town Treasurer, with the approval of the Select Board. The Treasurer shall act in accordance with the Town Investment Policy. No person may engage in an investment transaction except as provided under the terms of the Town Investment Policy and the procedures hereby established.

### **E. Prudence and Ethical Standards**

The standard of prudence to be used by the Treasurer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion

and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Such employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Such employees and officials shall refrain from undertaking personal investment transactions with the same individual/entity with which business is conducted on behalf of their Town.

## **F. Investment Parameters**

### **1. Authorized Investments**

The following investments will be permitted by this policy:

1. Participation units in the New Hampshire Public Deposit Investment Pool (NHPDIP)
2. Interest-bearing deposits in a federally insured bank chartered under the laws of New Hampshire or the federal government with a branch in NH. Each bank is required to comply with the Collateral Requirement section within this policy. Deposits may include money market accounts, certificates of deposits, repurchase agreement and all other types of interest bearing accounts.
3. Funds may be deposited in federally insured banks outside of New Hampshire if such banks pledge and deliver third party custodial bank or regional Federal Reserve Bartle collateral security for such deposits of the following types: US government obligations, US government agency obligations, or obligations of the state of New Hampshire in value at least equal to the amount of deposit in each case.
4. Obligations fully guaranteed as to principal and interest by the US Government including: US Treasury bills, bonds and notes, Government National Mortgage Association (Ginnie Mac or GNAMA), Export-Import Bank (EXIMBANK), Small Business Administration (SBA), Farm Services Agency (FSA), General Services Administration (GSA), Maritime Administration. Refer to: GF0A Elected Officials Guide to Investing (at [www.gfoa.org](http://www.gfoa.org)).

### **2. Collateral Requirement**

The Town Treasurer shall insure that prior to acceptance of any moneys for deposit or investment, the federally insured bank shall make available at the time of such deposit or investment *an option* to have such funds secured by collateral having a value at least equal to

the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town. Collateral may be held in the name of the town with a third-party custodial bank or with the banks trust department. Collateral may also be pledged as an Irrevocable Letter of Credit.

Each collateral agreement must be in writing, approved by the Board of Directors of the depository institution or its delegated Officers (with approval reflected in the minutes), and, continuously, from the time of its execution, stand as an official record of the depository institution. Each institution must provide the town with a corporate resolution or secretary certificate stating the specific person(s) authorized to pledge the agreement, the type of agreement and the dollar amount.

### 3. Selection of Primary Banking Institution

The Town Treasurer shall determine the primary banking institution to be used by the Town, in conjunction with the Board, who is responsible for establishing the budgetary parameters under which the Town Treasurer may operate. The Board, in conjunction with the Town Treasurer, shall periodically review the banking relationship and determine if there is a need to undertake a competitive bidding process for the selection of banking, investment and/or cash management provider(s). If a competitive bid is sought, the investment of Town funds, in accordance with this policy, will be a key consideration in assessing and awarding such bid. Once awarded, it is the responsibility of the provider to maintain investments within the parameters of this policy, with the understanding that each individual investment will not necessarily be competitively bid by the provider, but will meet the investment criteria as proposed and agreed.

### 4. Performance Evaluation

The Town shall require, from any institution in which investing activity is conducted, sufficient routine reports/documentation to enable an accurate evaluation to be made as to the results of the Town's investment program as it relates to the Town's stated objectives, guidelines and policies, and to assist in revealing areas for potential improvement.

## **G. Reporting**

The Treasurer shall report the Town's general fund cash position to the Select Board on a monthly basis. On a bi-annual basis (April and October), the Treasurer shall provide an update on the Town's investments.

At the close of each fiscal year, the Treasurer shall make a report to the Town providing an account of the financial transactions during the year and account balances at year end.

## **H. Policy Considerations**

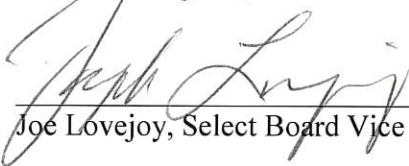
This policy may be amended by a majority vote of the Select Board, at a regularly scheduled Board meeting. Any amendments made will take effect the Monday immediately

after the meeting and after being recorded with the Town Clerk. The policy will be reviewed and adopted annually by the Board.

IN WITNESS THEREOF, this Policy is hereby approved and adopted by the Select Board for the Town of Stratham, on this, the 4th day of May 2020.

**ATTEST: Select Board:**

  
\_\_\_\_\_  
Michael Houghton, Chair

  
\_\_\_\_\_  
Joe Lovejoy, Select Board Vice Chair

  
\_\_\_\_\_  
Allison Knab, Select Board


UNDER SEAL OF THE TOWN, received, filed and recorded on this

10<sup>th</sup> (day) November (month) 2020 (year)

**ATTEST:**

  
\_\_\_\_\_  
Town Clerk

**Acknowledgement of Receipt:**

  
\_\_\_\_\_  
Town Treasurer